

AVOIDING CONFLICT



Key Takeaways

- › Clarify the real family and business issues
- › Fix within existing governance and family structures if possible
- › Engage external advisors in an agreed process to resolve issues (strategy, values, relationships, risk appetite, profile, etc)
- › Define approach to resolve both immediate and fundamental issues (define and assess the range of options, including business restructuring, complete separation, pros and cons of each)
- › "Good leaver" and "bad leaver" policies considered
- › Corporate and family governance critical of a major family dispute on a major issue – especially role of independents and voting authorities
- › Plans to preserve continuity of family engagement even if there is a discontinuity on the business side

Questions to Consider:

- › What are some of the potential sparks of conflict in your family?
- › Are younger generations being monitored for potential future sources of conflict?
- › Is there a reasonable way for family members to opt out of the business?

INTRODUCTION:

Conflict between family members can tear a family business apart, and family business worldwide are at risk of falling victim to disputes if proper resolutions cannot be managed.

Guidance:

Some common sources of conflict are: Money, family associations, feelings of entitlement, legal structures that create different classes in the family, a family culture of judgement and criticism, self interest of a member, or personal issues of a member. These sources can be picked up early, and outside expertise from counsellors, advisors, and psychologists can help resolve some of the fundamental issues.

Conflict can be avoided through either a council, or informal systems of communication and management. Conflict can be avoided by investing in family unity and harmony, and it is important to have effective governance that has a structured approach to conflict resolution. It is also important to understand what partnerships of people could lead to conflict, and if conflict can be avoided by restructuring who fulfills what role. It is important to find ways for people to opt out- giving people the option to leave can ease tensions even if no one decides to leave, and that if someone does leave then their departure is dealt with wisely. It is also important to treat the people of the family business simply as members of a family and nurture sibling and familial bonds.

- › Avoid conflicts where possible
- › Address immediate / fundamental issues once a dispute arises
- › Use outsiders and intermediaries as much as possible
- › Ensure there is a way to separate assets, people, and activities in a way that will allow you to keep your family together
- › Finding different ways for people to opt out and letting people know they can leave when they want to can help pacify conflict